

CIP OVERVIEW

The City of Redmond views its six-year capital investment program as a long-range plan for addressing capital needs. The purposes and goals of the CIP are to:

- Provide capital facilities and infrastructure that are needed by the community for civic purposes and support the vision of Redmond's future as articulated in the Comprehensive Plan.
- Support the provision of City services consistent with the expectations of the community, as expressed in the City's declared level of service standards.
- Preserve levels of service as growth and development add new demands on City government.
- Provide facilities that meet special needs of the community.
- Rehabilitate and/or replace the City's facilities and infrastructure to extend useful life and assure continued efficiency.

Redmond's CIP is divided into two categories:

- General capital investment projects
- Utility capital investment projects

CIP oversight responsibilities are provided by a cross-departmental steering committee, which discusses policy issues and coordinates activities pertinent to executing the City's capital investment projects, as well as providing recommendations to the Mayor and Council. Following is an overview of each CIP category.

GENERAL CAPITAL INVESTMENT PROGRAM

Revenues

Within the General CIP, there are six functional areas that receive a dedicated portion of the revenue generated by the 5% General Fund transfer and Real Estate Excise Tax. The functional areas and their percentage allocations are listed below:

45%	Transportation (new or rehabilitated streets, sidewalks, intersections, bridges, etc.)
20%	Parks (acquisition and development of parks, trails, and open space)
15%	Fire (acquisition/construction costs for fire stations, apparatus, and technology tools)
10%	Police (Police building improvement/replacement costs and technology tools)
5%	General Government (citywide projects serving multiple purposes)
5%	Council Contingency (special projects identified by the Council)

In addition to the revenue described above, these functional areas also receive other funding from the One-Half Cent Gas Tax, motor vehicle registration fees, sales tax on construction, business license surcharge, private contributions, impact fees, and grants.

Program Highlights

City Campus Project

One of the most significant projects for the City in the next six years is determining how to address the City's space shortage. In recent years, Council and staff have been discussing the significant space shortage that exists for City employees and the alternatives of either building additional space or leasing. In 2000, the City Council approved the consultant contract to prepare a Municipal Campus Master Plan and

subsequent services for design and construction of proposed City Campus facilities. Most recent discussions have centered around the cost and financing mechanisms the City would use to build a new City Hall and an adjacent parking structure. The financing structure that is favored by the Council is 63-20 debt financing. The preliminary cost of the City Hall and parking garage are \$26.2 and \$5.4 million, respectively, or a total of \$31.6 million. Included in the General Government Capital Investment Program is a total of \$16.5 million for the City Hall project, which would provide partial funding to cover the debt service and maintenance and operations costs. Additional funding will be required to pay the debt and maintenance and operations costs in future years.

Reduction of CIP Planner (1.0 FTE)

In 1999, Planning received authorization to hire a CIP Planner to work exclusively on CIP projects. Given the recent downturn in development activity, this Planner position, which is currently vacant, is no longer needed to support capital activities. Reducing this position will have no immediate impact on public services. When other planning staff works on CIP projects, their time will be billed directly to the appropriate project and paid from CIP funding.

Ongoing Maintenance and Operation Costs

As the City works to build CIP projects, it is important to understand how progress on the CIP will impact the City's ongoing expenditures for maintenance and operations. Once constructed, the cost of the project shifts from the capital investment program (construction expenditures) to the General Fund to provide for ongoing maintenance of the new assets. In the 2003-2008 CIP, two projects, Fire Station 17 and the new City Hall will have a significant impact on future General Fund operating costs.

Fire Station 17: The construction of Fire Station 17 is scheduled for 2005. The maintenance and operations costs associated with this building total over \$1.2 million, which includes 14 firefighters. The costs for staffing and equipping the station will need to be included in the General Fund base budget when construction is complete.

City Hall: The financing mechanism used to build a new City Hall and parking garage is currently being discussed. Estimated maintenance and operations costs for the new building are \$6.41 per square foot for the building and \$95 per stall for the parking garage for a annual total of \$698,000.

Additionally, each new CIP project description identifies potential impacts of new projects on the General Fund.

UTILITY CAPITAL INVESTMENT PROGRAM

Water/Wastewater Capital Investment Program

The Water/Wastewater CIP is funded primarily through operating and depreciation transfers from the Water/Wastewater utility, developer contributions, connection charges and the ending fund balance from prior budget periods. Water/Wastewater CIP projects are generally used to build and develop new water and sewer system capacity, or to improve, repair, and replace current infrastructure.

Significant projects included in the 2003-2008 CIP plan include continued rehabilitation of the City's wells, phase 2 of improvements to the South Overlake area trunk line, and payment for the City's share of connection fees related to the Cascade Water Alliance. The City of Redmond, along with Bellevue, Kirkland, Issaquah, Mercer Island, Tukwila and several water districts, is a member of this alliance, which was formed in 1997 to investigate alternative sources of water other than the City of Seattle.

A significant transaction included in the Utility's CIP program includes payoff of revenue bonds in 2003. This one-time transaction was recommended as part of the City's 2002 water/wastewater rate study to reduce debt service expenses, thereby reducing the overall expenses of the Utility and keeping the

proposed increase in water/wastewater rates for the ratepayers to a minimum. For additional detail on the Utility's rate study, please refer to the water/wastewater discussion included in the Enterprise Fund section of this document.

Urban Planned Development (UPD) Capital Investment Program

The UPD CIP was created in 2000 to account for construction activities related specifically to the Redmond Ridge Urban Planned Development. This fund is supported through depreciation transfers from the UPD Operations and Maintenance fund and utility connection fees. Per City Council policy, construction and operation activities in support of the UPD will be accounted for separate and apart from general Water/Wastewater construction and operations activities for the City of Redmond. Starting in 2004, annual funding is included for the UPD's share of connection fees payable to the Cascade Water Alliance.

Rose Hill Capital Investment Program

The Rose Hill Construction Fund was created to account for money received in the Rose Hill Assumption and is to be used for water projects in accordance with the Rose Hill Assumption Agreement. Major projects have included the Willows transmission main and 124th Avenue Relocation projects. Activities for this fund are anticipated to be completed by the end of the 2001-2002 biennium. No further activities are planned in 2003 and beyond, and this fund will be closed.

Stormwater Management Capital Investment Program

The Stormwater CIP is funded primarily through operating and depreciation transfers from the Stormwater utility, a Capital Facilities Charge (from new developments), and the beginning fund balances from prior budget periods. Stormwater construction projects are directed at managing the City's stormwater runoff, assuring the overall water quality of Redmond's streams and groundwater, and protecting and enhancing water-related natural habitat. Significant projects included in the 2003-2008 CIP for Stormwater include the Rose Hill area detention pond; water quality facilities existing outfalls, Idylwood stream upper reach, Valley Estates bank stabilization, and 116th Street culvert replacement.